

## STATEMENT OF PURPOSE

RS27204 / H0380

This bill relates to income taxes. It is the annual bill to update references to the Internal Revenue Code (IRC). The bill conforms the Idaho income tax code to changes made to the IRC that affect the 2019 taxable year. The Idaho income tax code uses federal taxable income as a starting point for both businesses and individuals. Our tax forms use federal adjusted gross income as a starting point. Idaho uses a static conformity to a specific date, currently January 1, 2019. This bill updates Idaho Code section 63-3004, to January 1, 2020.

### FISCAL NOTE

This fiscal note is based on the tax laws extended by Congress in late December 2019. As a result, the fiscal impact of conforming to the Internal Revenue Code as of January 1, 2020 is estimated to be six million, five hundred fifty-three thousand, one hundred dollars (\$6,553,100).

1 Lower Medical expense threshold on Sch. A	-\$2,125,000
2 Mortgage insurance deduction	-\$1,338,300
3 Mortgage debt relief excluded from income	-\$653,400
4 Tuition expense deduction	-\$790,400
5 Energy efficient commercial building	-\$251,000
6 Support contractors for armed forces	-\$150,300
7 Investment Tax Credit for energy property	-\$30,300
8 Foreign subsidiary expense deductions	-\$5,400
9 5-year cost recovery for energy property	-\$1,000
10 Increase age of mandatory distributions 70.5 to 72 years	-\$1,198,000
11 Expansion of qualified 529 withdrawals	-\$10,000
	-\$6,553,100

  

1. The threshold for medical expense deductions was lowered from 10% of AGI to 7.5%.
10. Mandatory withdrawals from an IRA.
11. Payment of student loans now are qualified 529 withdrawal.

#### Contact:

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**DISCLAIMER:** This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).